

**\*\*\*ATTENTION BUSINESS OWNERS: PLEASE READ\*\*\***  
**INSTRUCTIONS FOR COMPLETING 2021 BUSINESS LICENSE APPLICATION**

Please review the following guidelines to ensure your application has been completed correctly. Failure to properly complete your application and submit all necessary payments may result in penalties on your account. If you have any questions please feel free to contact our office at (540) 375-3019 or by email [skuzmich@salemva.gov](mailto:skuzmich@salemva.gov).

**BUSINESS LOCATIONS:**

- ❖ Please verify all contact information provided at the top of the form is correct. If your Business trade name or physical location has changed please contact our office for further instructions.
- ❖ Your classification(s) have been preprinted on your form. To calculate your tax multiply your total gross receipts by the tax rate given. Please keep in mind the minimum license fee is \$30.00 per classification. If you believe your classification to be incorrect or have added new classifications to your license please contact our office.
- ❖ Flat fees should be pre-printed on the license forms. Please add this amount to your total due.
- ❖ Sign, date, and provide a contact phone number at the bottom of the form.

**HOME BASED BUSINESSES:**

- ❖ All home based businesses must complete the enclosed City of Salem License Application listing their actual gross receipts, even if the amount is 0, and return it to our office.
- ❖ If your gross receipts for the year are LESS than \$8,000 you will not owe a license fee. Please enclose a check for \$30 for your home occupation fee.
- ❖ If your gross receipts for the year are GREATER than \$8,000 you will owe both a home occupation and a license fee. Please enclose a check for the amount calculated on your License Application PLUS \$30 for your home occupation fee
- ❖ For instructions for calculating business license tax fees see “business location” section above.
- ❖ If you have moved you must complete a new home occupation application with our Zoning department. Please contact our office for further instructions.

**BUSINESSES BEGINNING OPERATION AFTER JANUARY 1 2019:**

- ❖ Businesses that did not pay on a full 12 months of receipts the prior year shall be subject to supplemental billing. **SEE REVERSE SIDE FOR DETAILS AND CALCULATIONS**
- ❖ **Supplemental bill amount from reverse side should be added in on the “supplemental” line at the bottom right of your business license renewal.**

**ALL CONTRACTORS:**

- ❖ Contractors must enclose copies of business license bills from other localities in order to deduct these amounts from the Salem gross receipt total. Only receipts that have been paid on to another locality for business license purposes can be deducted.
- ❖ A copy of your current contractor’s license from the State of Virginia must be attached to the license form. Any contractor not required to hold a license with the State of Virginia must complete the Contractor Affidavit located on the reverse side of the City of Salem License Application
- ❖ The Worker’s Compensation Form enclosed must also be completed and returned with the form.

**REAL ESTATE BROKERS:**

- ❖ All brokers claiming exclusions for commissions paid to agents must identify each agent to whom receipts have been paid, amount of receipts, and jurisdiction to which agent is subject to business license tax. This list must be included with the license application.

**CLOSED BUSINESSES:**

- ❖ All businesses that had ceased operation within the last year **MUST** complete a business closure form with our office to cease billing. Forms are available in the Commissioner’s office or online at [commissioner.salemva.gov](http://commissioner.salemva.gov)

**\*\*\*ALL RETURNS ARE DUE TO OUR OFFICE BY MARCH 1<sup>ST</sup>. PAYMENT MUST BE MADE WITH THIS FORM. RETURNS RECEIVED WITHOUT PAYMENT WILL BE SUBJECT TO A 10% LATE PAYMENT PENALTY\*\*\***

**BUSINESSES BEGINNING OPERATION AFTER JANUARY 1, 2019**

Normal procedures require you to file on your actual receipts for the previous year and your license fee is based on this amount. Since an actual 12 months' worth of gross receipts will not be known until your third year in business, your first year two years of operation are based on estimated gross receipts. Because of this a supplemental bill, or true up amount may be due until your third year of operation (SEE EXAMPLE BELOW). **Please complete the worksheet below and return WITH your business license application.**

Business Name: \_\_\_\_\_ Business ID: \_\_\_\_\_

1. Actual 2020 Gross Receipts \$ \_\_\_\_\_
2. Estimated Receipt Amount Reported for 2020 license \$ \_\_\_\_\_
3. Difference between lines 1 & 2 \$ \_\_\_\_\_
4. If line 3 is a positive number multiply by tax rate\* \$ \_\_\_\_\_

\*tax rate is indicated by your classification on the license application

5. Add the amount of line 4 above to the 2021 Business License Renewal Form in the field labeled "supplemental" and add this amount to your total amount due.

**EXAMPLE:**

ABC Corp. starts a new business in Salem on June 30, 2018. The owner estimates 2018 receipts to be \$50,000. Their license fee will be \$50,000 multiplied by their tax rate.

In six months ABC Corp. grossed \$92,000. The 2019 license will be based on an estimate of gross receipts to be generated in 2019. In addition, a supplemental tax will be due for the difference between what was estimated for 2018 and the actual gross receipt amount.

In 2019 ABC Corp. grossed \$150,000 for a full 12 months. Calculation for the 2020 tax will be based on \$150,000. In addition, a supplemental tax will be due for 2019 since the previous year license tax was based on an estimate which was lower than the actual gross revenue made.

The 2021 license tax would be based on the actual gross receipts for 2020 with no supplemental billing because a full 12 months of gross receipts have now been declared.

**\*\* If you have any questions regarding calculating your bill please contact our office using the contact information provided on your Business License Application. Failure to remit supplemental payment by the March 1<sup>st</sup> due date will result in penalties. \*\***